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State of Montana
Office of The Lieutenant Governor
Helena 59601

STATE DOCUMENTS

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November 6, 1973

ENERGY STATUS REPORT

The first Energy Status Report of the Montana Energy Advisory Council (MEAC) will serve as an introduction to the content and methods of subsequent reports.

The Montana Energy Advisory Council will collect statements regarding actual or projected energy-fuel shortages from suppliers and consumers. More specifically, spokesmen of the electrical, natural gas and petroleum industries -- energy suppliers -- and spokesmen of the major energy consumption sectors (agriculture, households, transportation and industry) will be contacted on a monthly basis to determine the existence of energy shortages. Survey forms will be sent to identified spokesmen for completion by them. The survey forms will allow respondents to identify the specific type of fuel in short supply, to project amounts of shortages, and to identify the source and destination of the particular fuel or energy form. Summary statements of the results of these surveys will be prepared for public distribution.

The Montana Energy Advisory Council also has been involved in the coordination of the mandatory federal program for allocation of middle distillate fuels (kerosene, diesel, home heating oil and some kinds of jet fuel). This program took effect

November 1. The intent of the program is to ensure that all end users of middle distillate fuels receive a fair share of the available fuels. Allocations of fuel are to be consistent with normal regional patterns through customary distribution networks. The program creates three levels of administration -- Federal, Regional and State. The role of the State level is to respond to cases of exceptional hardship of end users, recommending that the Federal Allocation Officer direct fuel to meet identified hardships. The program also requires the creation of a 10% reserve of middle distillate fuels at the State level. Pertinent information from this program will be included in the Energy Status Report.

The monthly report also will include general statements regarding State and National trends in energy-fuel supply, factors affecting those trends, and suggested means of coping with energy shortages.

GENERAL COMMENTS

Petroleum Products

Although only isolated instances of diesel fuel shortages are occurring in Montana at present, there are some indications that some distributors may be ahead of their quotas. The USDA directive releasing land bank acreage to stimulate increased production of food and fiber can only aggravate the existing strain on such fuel sources. Imported petroleum product shortages are now at a deficit of 150,000 barrels per day. Some indications predict a deficit of as much as

500,000 barrels per day. The national and state propane situations continue critical, as MEAC reported several months ago.

Natural Gas

Montana imports and exports natural gas -- in balance, however, we are a net importer of natural gas. While no crisis exists at present, the uncertainty of Canadian response to our needs could create difficulties. The Canadian government has already stated that Canadian needs will be met first, and that they expect increased tax revenues from their fossil fuel resources.

Electricity

Demand curves, while approximately equal to projections earlier in the year, are now slightly below projected levels, according to distributing electric utilities. However, Bonneville Power service areas in Northwestern Montana are still faced with critical shortages in hydroelectric power storage reservoirs. Recently acquired snow pack is not expected to resolve immediate crises, but will be of great help after the thaw.

Conservation

Conservation practices within all consumption sectors can produce significant energy savings. Voluntary programs in the Pacific Northwest recently have accomplished an overall 8% reduction in electricity use (according to a Pacific Power & Light spokesman, a 12% reduction

was observed in one consumption sector). MEAC recommends that household thermostats be set at 65° and that water heaters be set at 140°. Proper maintenance and cleaning of home furnaces can also result in considerable savings (e.g., clean or change furnace filters, lubricate fans and other moving parts of older furnaces). Such practices will save not only energy, but also household utility budgets.

Another simple conservation measure is simply driving at slower speeds. Even large displacement automobiles can accomplish up to 20% increases in gas mileage if driven at 50 MPH.



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ENERGY STATUS REPORT

Response to the monthly Montana Energy Advisory Council Energy Status Survey request was a disappointing 30%, although the responses received provided valuable information. Neither of the major suppliers foresee a shortage in electric power or natural gas, barring breakdowns in their energy facilities. All petroleum product distributors responding to the survey predict a shortage of gasoline, heating oil and diesel fuel -- some small refineries and distributors are feeling the pinch now.

Fallon, Stillwater and Beaverhead Counties have already reported a critical shortage of diesel fuel. Carbon County indicates a shortage of propane. One outlet in Rosebud County has run out of fuel during the fourth week of every month since last summer -- in part due to increased mining activity in Colstrip.

An analysis of the 127 requests for middle distillate fuels received in November by the Montana Allocation Office indicates deficiencies of 146,521 gallons.

Requests for diesel fuel totaled 140,130 gallons. Fifty-five percent of the amount requested came from trucking, logging, highway maintenance, mining and various construction projects throughout Montana.

Demands for heating oil came to 6,391 gallons, the vast majority of this for home use.

Surveys made by this office in mid-summer and early fall indicated the availability of middle distillates in Montana to be between 104 and 108 percent of those available in calendar 1972.

December reporting forms, as required under the Federal Middle Distillate Allocation Program, indicate the availability for December to be in the range of from 71 to 99 percent, with a median availability of about 92 percent.

The vast majority of responses to our information request were from distributors and consumers of petroleum products.

Middle Distillate Program

Governor Judge has created a Citizens Advisory Council to assist him and his fuel allocations officer in meeting the requirements of the Middle Distillate Fuel Allocation Program. Comprising representatives from industry, transportation, agriculture, commercial interests and the household sector, the Council also has been assigned the task of preparing preliminary energy conservation plans for their sectors by December 14, 1973.

A proposed priority ranking for allocation of middle distillate fuels has been received from the federal government. It is as follows.

1. Fuel production activities.
2. Public mass transit.
3. Food and fiber production.
4. Industry and manufacturing.
5. Cargo, freight and mail transport.
6. Vital community services (welfare, police, fire protection, etc.).
7. Medical, dental and nursing services.
8. Residential, commercial and other space heating.

These priorities are subject to review and comment by the public and concerned agencies. Governor Judge has taken a strong stand to insist that the number one federal priority relating to energy production allows allocation for the proper amount of middle distillate fuels needed to accomplish reclamation as concurrent with the mining operation as is practicable.

General Comments

Petroleum Products

The full brunt of the Middle East oil products embargo is now beginning to be felt. This effect is reflected in the reduction of

refined petroleum products from European refineries which use Middle East crude, and in the elimination of crude oil shipments to our refineries from the Middle East. Preemption of supplies by the Department of Defense, along with the elimination of this supply of crude oil and refined products, will have an increasingly severe effect, as we have until recently been receiving the "tail end" of previous allotments of Middle East oil.

Oil exploration activities are on the increase in all areas of the nation, according to Al Raymond, Editor of the Montana Oil Journal. Coastal areas of the nation are receiving particular attention. Exploration activities are also on the increase in Montana. Jack Rehberg, of the Montana Petroleum Association, has informed this office that a potential shortage of structural steel and steel pipe may seriously affect exploration and production in the near future.

Natural Gas

On November 1, British Columbia raised the export price of natural gas from 33½¢ to 61¢ per 1000 cubic feet, an increase of 82%. Forecasts indicate that the price may rise to \$1.25 per 1000 cubic feet. While Montana companies import natural gas from Alberta, and are unaffected by that price rise, the decision of British Columbia may set a precedent for other Canadian provinces supplying natural gas. If similar actions are taken by other Canadian provinces, Montana consumers should prepare for an increase in the delivered price of natural gas. One major natural gas vendor is dependent on Canada for 80% of its total supply.

Two natural gas fields have recently reported activity in Hill and Yellowstone Counties. Assessment of their significance must await further development.

Electricity

Early this fall, the Bonneville Power Administration, which supplies nearly 38% of the electric power used in Montana, reported a possible service area shortage of 15 billion kilowatt hours. The Bonneville Power Administration has since revised their estimate as a result of very encouraging precipitation in late October and November. The Bonneville Power Administration now projects a shortage of some 7 billion kilowatt hours or less if favorable moisture conditions continue. Recent stream flows have been

sufficient to generate power which otherwise would have required depletion of reservoir storage. Because of the augmentation of streamflow capabilities, oil-fired thermal plants in the Northwest power pool service area shut down over the Thanksgiving weekend. Import savings of petroleum products will result from these curtailments.

Conservation

The following suggestions were received from respondents to the Energy Status Survey.

Agricultural interests have been urged to:

1. Avoid either underloading or overloading farm equipment.
2. Performing tillage operations on a more timely basis, possibly eliminating one or two cultivations.
3. Combine farm operations (e.g., combining tillage and spray operations, when possible).
4. Better plan all aspects of transportation.

Other suggestions emphasized the need for speed reductions in travel and have urged more use of mass transit facilities and car pools.